



General Assembly

February Session, 2004

Raised Bill No. 592

LCO No. 1358

01358_____FIN

Referred to Committee on Finance, Revenue and Bonding

Introduced by:
(FIN)

***AN ACT CONCERNING A REVISION OF THE INCOME TAX
STRUCTURE.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivisions (6) and (7) of subsection (a) of section 12-700
2 of the general statutes, as amended by section 22 of public act 03-2, are
3 repealed and the following is substituted in lieu thereof (*Effective from*
4 *passage, and applicable to taxable years commencing on or after January 1,*
5 *2004*):

6 (6) For taxable years commencing on or after January 1, 2003, and
7 prior to January 1, 2004, in accordance with the following schedule:

8 (A) For any person who files a return under the federal income tax
9 for such taxable year as an unmarried individual or as a married
10 individual filing separately:

| | | |
|----|----------------------------|-------------|
| T1 | Connecticut Taxable Income | Rate of Tax |
| T2 | Not over \$10,000 | 3.0% |

| | | |
|----|---------------|----------------------------|
| T3 | Over \$10,000 | \$300.00, plus 5.0% of the |
| T4 | | excess over \$10,000 |

11 (B) For any person who files a return under the federal income tax
 12 for such taxable year as a head of household, as defined in Section 2(b)
 13 of the Internal Revenue Code:

| | | |
|----|----------------------------|----------------------------|
| T5 | Connecticut Taxable Income | Rate of Tax |
| T6 | Not over \$16,000 | 3.0% |
| T7 | Over \$16,000 | \$480.00, plus 5.0% of the |
| T8 | | excess over \$16,000 |

14 (C) For any husband and wife who file a return under the federal
 15 income tax for such taxable year as married individuals filing jointly or
 16 any person who files a return under the federal income tax for such
 17 taxable year as a surviving spouse, as defined in Section 2(a) of the
 18 Internal Revenue Code:

| | | |
|-----|----------------------------|----------------------------|
| T9 | Connecticut Taxable Income | Rate of Tax |
| T10 | Not over \$20,000 | 3.0% |
| T11 | Over \$20,000 | \$600.00, plus 5.0% of the |
| T12 | | excess over \$20,000 |

19 (D) For trusts or estates, the rate of tax shall be 5.0% of the
 20 Connecticut taxable income.

21 (7) For taxable years commencing on or after January 1, 2004, in
 22 accordance with the following schedule:

23 (A) For any person who files a return under the federal income tax

24 for such taxable year as an unmarried individual:

| | | |
|-----|-----------------------------------|-----------------------------------|
| T13 | <u>Connecticut Taxable Income</u> | <u>Rate of Tax</u> |
| T14 | <u>Not over \$10,000</u> | <u>3.0%</u> |
| T15 | <u>Over \$10,000 but not over</u> | <u>\$300.00, plus 5.0% of the</u> |
| T16 | <u>\$531,500</u> | <u>excess over \$10,000</u> |
| T17 | <u>Over \$531,500</u> | <u>\$26,375, plus 6.0% of the</u> |
| T18 | | <u>excess over \$531,500</u> |

25 (B) For any person who files a return under the federal income tax
 26 for such taxable year as a head of household, as defined in Section 2(b)
 27 of the Internal Revenue Code:

| | | |
|-----|-----------------------------------|-----------------------------------|
| T19 | <u>Connecticut Taxable Income</u> | <u>Rate of Tax</u> |
| T20 | <u>Not over \$16,000</u> | <u>3.0%</u> |
| T21 | <u>Over \$16,000 but not over</u> | <u>\$480.00, plus 5.0% of the</u> |
| T22 | <u>\$792,000</u> | <u>excess over \$16,000</u> |
| T23 | <u>Over \$792,000</u> | <u>\$39,280, plus 6.0% of the</u> |
| T24 | | <u>excess over \$792,000</u> |

28 (C) For any husband and wife who file a return under the federal
 29 income tax for such taxable year as married individuals filing jointly or
 30 any person who files a return under the federal income tax for such
 31 taxable year as a surviving spouse, as defined in Section 2(a) of the
 32 Internal Revenue Code:

| | | |
|-----|-----------------------------------|-----------------------------------|
| T25 | <u>Connecticut Taxable Income</u> | <u>Rate of Tax</u> |
| T26 | <u>Not over \$20,000</u> | <u>3.0%</u> |
| T27 | <u>Over \$20,000 but not over</u> | <u>\$600.00, plus 5.0% of the</u> |

| | | |
|-----|-------------------------|-----------------------------------|
| T28 | <u>\$1,000,000</u> | <u>excess over \$20,000</u> |
| T29 | <u>Over \$1,000,000</u> | <u>\$49,600, plus 6.0% of the</u> |
| T30 | | <u>excess over \$1,000,000</u> |

33 (D) For any person who files a return under the federal income tax
 34 for such taxable year as a married individual filing separately:

| | | |
|-----|-----------------------------------|-----------------------------------|
| T31 | <u>Connecticut Taxable Income</u> | <u>Rate of Tax</u> |
| T32 | <u>Not over \$10,000</u> | <u>3.0%</u> |
| T33 | <u>Over \$10,000 but not over</u> | <u>\$300.00, plus 5.0% of the</u> |
| T34 | <u>\$500,000</u> | <u>excess over \$10,000</u> |
| T35 | <u>Over \$500,000</u> | <u>\$24,800, plus 6.0% of the</u> |
| T36 | | <u>excess over \$500,000</u> |

35 (E) For trusts or estates, the rate of tax shall be 6.0% of the
 36 Connecticut taxable income.

37 ~~[(7)]~~ (8) The provisions of this subsection shall apply to resident
 38 trusts and estates and, wherever reference is made in this subsection to
 39 residents of this state, such reference shall be construed to include
 40 resident trusts and estates, provided any reference to a resident's
 41 Connecticut adjusted gross income derived from sources without this
 42 state or to a resident's Connecticut adjusted gross income shall be
 43 construed, in the case of a resident trust or estate, to mean the resident
 44 trust or estate's Connecticut taxable income derived from sources
 45 without this state and the resident trust or estate's Connecticut taxable
 46 income, respectively.

47 Sec. 2. (*Effective from passage*) The Commissioner of Revenue Services
 48 shall adjust the withholding tables issued for purposes of
 49 administering the personal income tax imposed under chapter 229 of
 50 the general statutes to take account of any changes in such tax made by

51 this act and, on or before June 1, 2004, shall issue new withholding
52 tables applicable to taxable years commencing on or after January 1,
53 2004, provided the tables applicable to the period from the effective
54 date of this act to December 31, 2004, shall provide for the collection of
55 a tax computed in such manner as to result, so far as practicable, in
56 withholding from the employee's wages during such period an
57 amount substantially equivalent to the tax reasonably estimated to be
58 due from the employee under said chapter 229 with respect to the
59 amount of such wages during a twelve-month period and further
60 provided the tables applicable to any period after January 1, 2005, shall
61 be prepared as provided in section 12-705 of the general statutes.

62 Sec. 3. (*Effective from passage*) Notwithstanding the provisions of
63 section 12-722 of the general statutes, any taxpayer required to make
64 an estimated payment in June, 2004, for the tax due under chapter 229
65 of the general statutes shall make such payment in an amount which is
66 adjusted for any change in the rate applicable to the current taxable
67 year, as provided in section 12-700 of the general statutes, as amended
68 by this act.

| | |
|--|---|
| This act shall take effect as follows: | |
| Section 1 | <i>from passage, and applicable to taxable years commencing on or after January 1, 2004</i> |
| Sec. 2 | <i>from passage</i> |
| Sec. 3 | <i>from passage</i> |

Statement of Purpose:

To raise revenue.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]